

SENATE BILL No. 140

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8-5.9; IC 27-13-36.3.

Synopsis: Assignment of benefits. Specifies requirements concerning health benefit payments under an assignment of benefits.

Effective: July 1, 2006.

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January 9, 2006, read first time and referred to Committee on Health and Provider Services.

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Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

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SENATE BILL No. 140



A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-8-5.9 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2006]:
- 4 **Chapter 5.9. Assignment of Benefits**
- 5 **Sec. 1. As used in this chapter, "assignment of benefits" means**
- 6 **a written instrument that:**
- 7 **(1) is executed by a covered individual or the authorized**
- 8 **representative of a covered individual; and**
- 9 **(2) assigns to a treating health care provider the covered**
- 10 **individual's right to receive reimbursement for health care**
- 11 **services provided to the covered individual.**
- 12 **Sec. 2. As used in this chapter, "covered individual" means an**
- 13 **individual entitled to benefits under a health benefit contract.**
- 14 **Sec. 3. As used in this chapter, "health benefit contract" means:**
- 15 **(1) a policy of accident and sickness insurance (as defined in**
- 16 **IC 27-8-5-1); or**
- 17 **(2) another policy or contract that provides coverage for**



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health care services.

Sec. 4. As used in this chapter, "insurer" includes the following:

- (1) An accident and sickness insurer.**
- (2) An administrator licensed under IC 27-1-25.**
- (3) A person that administers or pays claims on behalf of an accident and sickness insurer.**

Sec. 5. If a health benefit contract provides that benefits under the health benefit contract are payable to a provider that has entered into an agreement with the insurer under IC 27-8-11-3 for health care services rendered by the provider, benefits are payable under the contract to a similarly licensed provider that:

- (1) has not entered into an agreement with the insurer under IC 27-8-11-3;**
- (2) renders the health care services; and**
- (3) has an assignment of benefits from the covered individual to whom the services were rendered.**

Sec. 6. A provider that:

- (1) has not entered into an agreement with an insurer under IC 27-8-11-3; and**
- (2) has an assignment of benefits from a covered individual who is entitled to benefits provided by the insurer under a health benefit contract;**

shall provide to the insurer written notice of the assignment of benefits.

Sec. 7. An insurer that receives notice from a provider under section 6 of this chapter shall:

- (1) make benefit payments directly to the provider; and**
- (2) send written notice of a benefit payment made under subdivision (1) to the covered individual or the authorized representative of the covered individual.**

Sec. 8. An insurer that does not comply with this chapter shall pay seven percent (7%) interest, compounded daily, accruing from the day after the benefit payment was due, on all amounts that are unpaid thirty (30) days after the insurer receives all documentation reasonably necessary to determine claim payment.

Sec. 9. If:

- (1) a provider has an assignment of benefits from a covered individual;**
- (2) the provider gives notice of the assignment of benefits under section 6 of this chapter to the insurer required to provide benefits to the covered individual under a health benefit contract;**

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- 1 **(3) the provider renders health care services to the covered**
- 2 **individual;**
- 3 **(4) the insurer makes a benefit payment for the health care**
- 4 **services referred to in subdivision (3) not to the provider but**
- 5 **to the covered individual or the authorized representative of**
- 6 **the covered individual; and**
- 7 **(5) the provider notifies the insurer that the provider has not**
- 8 **received the benefit payment to which it was entitled for the**
- 9 **health care services referred to in subdivision (3);**
- 10 **the insurer, not more than thirty (30) days after receiving notice**
- 11 **from the provider under subdivision (5) of the misdirected benefit**
- 12 **payment, shall make the benefit payment to the provider.**

Sec. 10. If:

- 14 **(1) a provider has an assignment of benefits from a covered**
- 15 **individual;**
- 16 **(2) the provider gives notice of the assignment of benefits**
- 17 **under section 6 of this chapter to the insurer required to**
- 18 **provide benefits to the covered individual under a health**
- 19 **benefit contract;**
- 20 **(3) the provider renders health care services to the covered**
- 21 **individual; and**
- 22 **(4) there is a good faith dispute regarding:**
 - 23 **(A) the legitimacy of the claim relating to the services**
 - 24 **rendered;**
 - 25 **(B) the appropriate amount of reimbursement for the**
 - 26 **claim; or**
 - 27 **(C) the authorization for the assignment of benefits;**
- 28 **the insurer, not more than fourteen (14) days after the insurer**
- 29 **receives the claim, shall provide notice of the dispute to the**
- 30 **provider or the provider's authorized representative.**

Sec. 11. A provider, by accepting an assignment of benefits under this chapter, does not agree to accept an insurer's fee schedule or specific payment rate as payment in full, partial payment, or appropriate payment.

Sec. 12. A provision that:

- 36 **(1) is contained in an agreement between an insurer and a**
- 37 **provider under this chapter; and**
- 38 **(2) violates this chapter;**
- 39 **is void.**

SECTION 2. IC 27-13-36.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

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Chapter 36.3. Assignment of Benefits

Sec. 1. As used in this chapter, "assignment of benefits" means a written instrument that:

- (1) is executed by an enrollee or the authorized representative of an enrollee; and**
- (2) assigns to a treating provider the enrollee's right to receive reimbursement for health care services provided to the enrollee.**

Sec. 2. As used in this chapter, "health maintenance organization" includes the following:

- (1) A limited service health maintenance organization.**
- (2) A person that pays or administers claims on behalf of a health maintenance organization or limited service health maintenance organization.**

Sec. 3. If an individual contract or a group contract provides that benefits under the contract are payable to a participating provider for health care services rendered by the participating provider, benefits are payable under the contract to a similarly licensed nonparticipating provider that renders the health care services and has an assignment of benefits.

Sec. 4. A nonparticipating provider that has an assignment of benefits from an enrollee of a health maintenance organization must provide to the health maintenance organization written notice of the assignment of benefits.

Sec. 5. A health maintenance organization that receives notice from a nonparticipating provider under section 4 of this chapter shall:

- (1) make benefit payments directly to the nonparticipating provider; and**
- (2) send written notice of a benefit payment made under subdivision (1) to the enrollee or the authorized representative of the enrollee.**

Sec. 6. A health maintenance organization that does not make benefit payments as required under section 5(1) of this chapter shall pay seven percent (7%) interest, compounded daily, accruing from the day after the benefit payment was due, on all amounts that are unpaid thirty (30) days after the health maintenance organization receives all documentation reasonably necessary to determine claim payment.

Sec. 7. If:

- (1) a nonparticipating provider has an assignment of benefits from an enrollee;**

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- 1 (2) the nonparticipating provider gives notice of the
- 2 assignment of benefits under section 4 of this chapter to the
- 3 health maintenance organization;
- 4 (3) the nonparticipating provider renders health care services
- 5 to the enrollee;
- 6 (4) the health maintenance organization makes a benefit
- 7 payment for the health care services referred to in subdivision
- 8 (3) not to the provider but to the enrollee or the authorized
- 9 representative of the enrollee; and
- 10 (5) the nonparticipating provider notifies the health
- 11 maintenance organization that the nonparticipating provider
- 12 has not received the benefit payment to which it was entitled
- 13 for the health care services referred to in subdivision (3);
- 14 the health maintenance organization, not more than thirty (30)
- 15 days after receiving notice from the nonparticipating provider
- 16 under subdivision (5) of the misdirected benefit payment, shall
- 17 make the benefit payment to the nonparticipating provider.

18 **Sec. 8. If:**

- 19 (1) a nonparticipating provider has an assignment of benefits
- 20 from an enrollee;
- 21 (2) the nonparticipating provider gives notice of the
- 22 assignment of benefits under section 4 of this chapter to the
- 23 health maintenance organization;
- 24 (3) the nonparticipating provider renders health care services
- 25 to the enrollee; and
- 26 (4) there is a good faith dispute regarding:
 - 27 (A) the legitimacy of the claim relating to the services
 - 28 rendered;
 - 29 (B) the appropriate amount of reimbursement for the
 - 30 claim; or
 - 31 (C) the authorization for the assignment of benefits;
- 32 the health maintenance organization, not more than fourteen (14)
- 33 days after the health maintenance organization receives the claim,
- 34 shall provide notice of the dispute to the provider or the provider's
- 35 authorized representative.

36 **Sec. 9.** A provider, by accepting an assignment of benefits under
 37 this chapter, does not agree to accept the health maintenance
 38 organization's fee schedule or specific payment rate as payment in
 39 full, partial payment, or appropriate payment.

40 **Sec. 10.** A contract provision that violates this chapter is void.

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